



# STATE BOARD OF EQUALIZATION STAFF LEGISLATIVE ENROLLED BILL ANALYSIS

# DRAFT

Date:	Enrolled	Bill No:	<a href="#">Senate Bill 582</a>
Program:	Administration	Author:	Knight and Harkey
Sponsor:	BOE Member Runner	Code Sections:	RTC 39
Related Bills:	Assembly Bill 833 (Harkey)	Effective Date:	01/01/14

## BILL SUMMARY

This bill requires the Board of Equalization (BOE), the Franchise Tax Board (FTB), and the Employment Development Department (EDD) to conduct a feasibility study on the development of an Internet Web site portal that virtually consolidates the three agencies. This bill also directs the agencies to consider the consolidation of forms, applications, and other documents.

## ANALYSIS

### CURRENT LAW

Under existing law the BOE, FTB and EDD perform the following duties:

#### BOE

- Administers state, local, and district sales and use taxes.
- Administers a variety of business and excise taxes and fees, including those levied on gasoline, alcoholic beverages, diesel fuel, cigarettes, and hazardous waste.
- Oversees the administration of the local property tax by county assessors.
- Assesses certain statewide utility and railroad property.
- Adjudicates tax disputes and appeals, including income tax disputes.

#### FTB

- Administers personal income tax (PIT) and corporation tax.
- Administers homeowners' and renters' assistance programs.
- Collects child support payments and other court-ordered payment programs.

#### EDD

- Administers employment-related services.
- Administers unemployment insurance (UI).
- Administers state disability insurance (SDI).
- Collects UI contributions and employment taxes from employers.
- Collects SDI contributions for the SDI program.
- Collects PIT withholding on wages and salaries.
- Interacts directly with FTB in the administration of the PIT.

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**PROPOSED LAW**

This bill adds Section 39 to the Revenue and Taxation Code to require the BOE, FTB, and EDD to collaborate and focus their current and future information technology efforts to conduct a feasibility study on the development of a single Internet Web site portal that virtually consolidates the agencies. The portal is intended to allow a single logon for all three agencies and provide online self-service access for taxpayers. The portal is expected to allow taxpayers to:

- Electronically file returns;
- Submit forms or other information;
- Determine account balances and due dates of taxes;
- Remit amounts due;
- Identify the status of any appeal, claim for refund, request for relief of interest or penalty; and
- Access any other information the agencies deem helpful to the taxpayer to assist in compliance with the state's tax laws.

Additionally, the bill directs the agencies to consolidate forms, applications, and other documents to reduce or eliminate multiple submissions of the same information by taxpayers, upon a joint determination by the agencies that a need exists to improve cost-effective services to taxpayers and an appropriation by the Legislature.

The bill requires the feasibility study to:

- Be completed on or before January 1, 2015,
- Consider the California Tax Service Center Internet Web site in its analysis,
- Be conducted with the existing budgets of the BOE, FTB and EDD, and
- Be submitted to the Legislature no later than six months after the study is completed.

**IN GENERAL**

The BOE works actively with the FTB and EDD to identify specific, incremental processes to achieve efficiencies for taxpayers. In conjunction with BOE's **Centralized Revenue Opportunity System (CROS)** the agencies work to identify opportunities to coordinate and collaborate on various aspects of business processes. This effort is designed to avoid unnecessary duplication and incompatibility of systems and business methods. The CROS project will replace the BOE's current legacy technology systems.

BOE has taken the lead in working with the FTB and the EDD to identify specific, incremental processes to optimize capacities and achieve efficiencies.

A combined workgroup formed to discuss processes and functions most opportune for consolidation, taking into account all practical aspects and costs. The workgroup discussed the tax return process, call centers, printing, mailing and the electronic capture of documents.

Several other collaborative efforts underway include the following:

- **A joint agency information sharing team** ensures that new technology projects continue to increase current data sharing abilities. The team evaluates the risks and resources to pursue a more integrated approach for accessing data from the other agencies.
- A **“Tri-Agency Collector Exam”** consolidates the three agencies’ entry level collector exam into a single exam. Candidates take one exam for all three agencies’ entry level collector classifications.
- **Consolidated recruitment efforts** allow one recruitment table at the recruitment events. These efforts are primarily for tax auditor and collector classifications because of their similar duties and minimum qualifications.
- The BOE and the FTB work collaboratively to enhance the collection of the **use tax**. Taxpayers can report their use tax on their state income tax return. FTB’s income tax instruction booklet includes taxpayer use tax reporting obligation information to improve voluntary compliance.
- The agencies worked together to provide a more simplified approach for taxpayers requesting to satisfy their tax debts through **offers in compromise**. One form is available to all three agencies.
- The agencies established an **offset process** to notify the other agencies of a pending refund. The other agencies may obtain the refund monies to apply to taxes owed.
- The agencies and the IRS created the **California Tax Service Center website**, [www.taxes.ca.gov](http://www.taxes.ca.gov), with the goal of “one-stop” tax help. This combined effort streamlines and improves taxpayer resources and educational programs.

#### LEGISLATIVE HISTORY

**Last year’s SB 1326 (Harman, 2012)** was identical to the introduced version of this bill. That bill was held in the Senate Appropriations Committee.

#### COMMENTS

1. **Sponsor and Purpose.** This bill is sponsored by BOE Member George Runner to begin the process of developing an enhanced “one-stop-shop” portal at [www.taxes.ca.gov](http://www.taxes.ca.gov) to allow taxpayers easy and up-to-date integrated access to their accounts with all three tax agencies. Once implemented, this website would allow taxpayers to file returns, claim refunds, and request relief of interest and penalties with one login. Taxpayers would no longer need to navigate through three separate agencies to access forms and information. This will save taxpayers time and increase voluntary compliance.
2. **Amendments.** The **August 13, 2013 amendments** required the feasibility study to: (1) be completed on or before January 1, 2015; (2) consider the California Tax Service Center Internet Web site in its analysis; (3) be conducted with the existing budgets of the BOE, FTB and EDD; and (4) be submitted to the Legislature no later than six months after the study is completed. The **June 25, 2013 amendments** added Assembly Member Harkey as a coauthor and made an insignificant edit in the bill language. The **April 18, 2013 amendments** required a feasibility study on the development of a single Internet Web site portal. The amendments also make the

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consolidation of forms and applications contingent on a joint determination by the agencies that a need exists and Legislative funding.

- 3. BOE technology limitations.** The BOE's current information technology is not taxpayer-focused. Although the BOE is improving on-line, taxpayer services (i.e. eFile, eRegistration, ePay, eRelief), our ability to fully embrace new technologies is severely limited.

This bill's objectives are similar to those of the previously mentioned CROS. CROS is proposing a system that will:

- Improve customer satisfaction by offering more online services, streamlining processes, and increasing transaction accuracy.
  - Provide a secure environment to ensure that customer's interactions are fast, reliable, stable, scalable and secure.
  - Improve program efficiency and utilize best practices from other tax agencies.
- 4. Related legislation.** Assembly Bill 833 (Harkey) similarly requires the agencies to develop a single Internet Web site portal and requires the agencies to consolidate forms, applications and other documents as specified.

## **COST ESTIMATE**

The cost to work with EDD and FTB to develop a plan to create a single web-based portal that virtually consolidates the agencies is insignificant and absorbable.

## **REVENUE ESTIMATE**

This bill in and of itself would not affect the state's tax revenues. In general, the development of a web-based virtual consolidation of the BOE, FTB, and EDD would not appear to have any effect on the state's revenues.

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